

HEALTH BENEFITS FUND

The Health Benefits Fund accounts for all financial activities of the City's health, dental, life, disability, and pharmacy programs.

HEALTH BENEFITS FUND				
	2005-06	2006-07	2007-08	2008-09
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Budget</u>
Revenues				
Employer premiums	\$ 5,395,637	5,637,006	6,439,157	7,243,912
Retiree premiums	163,693	171,752	309,923	300,923
Employee premiums	1,849,651	1,937,317	2,032,759	2,191,283
Interest/Other	163,981	222,861	41,801	85,000
TOTAL REVENUES	7,572,962	7,968,936	8,823,640	9,821,118
Expenditures				
Blue Cross/Blue Shield	6,048,474	3,360,042	0	8,448,178
Admin fees - health	13,119	0	0	0
Retiree - drug card claims	161,529	261,326	273,028	255,299
PPO - consulting fee	34,291	51,186	50,000	70,000
FSA Admin Fee	0	3,592	15,000	15,000
Dental premiums	0	214,159	433,827	451,718
Premiums - Cigna	0	3,429,015	7,517,178	0
Premiums - HMO	796,228	392,208	0	0
Premiums - med supplement	212,273	234,555	262,682	253,369
Premiums - life insurance	126,846	143,142	154,398	163,428
Premiums - disability	116,803	143,074	117,527	164,126
TOTAL EXPENDITURES	7,509,563	8,232,299	8,823,640	9,821,118
Change in net assets	63,399	(263,363)	0	0
Total net assets beginning of year	166,291	229,690	(33,673)	(33,673)
Total net assets end of year	\$ 229,690	(33,673)	(33,673)	(33,673)

*(HEALTH BENEFITS FUND CONTINUED)***STRATEGIC INITIATIVES**

Financially Sound City Providing Excellent Services	Ongoing Initiative	FY 08-09 Initiative
Continue to share the rising costs of funding between the City and employees by maintaining a 75%/25% premium contribution split. Beginning in 2008, the City added a new "low base" plan; Plan II which resulted in an 83%/17% premium contribution split. This will continue to offer employees choice by offering two health plans.	<input checked="" type="checkbox"/>	
Continue to ameliorate the effects of medical and pharmaceutical cost inflation by adjusting plan design, promoting preventive care over remedial care, and promoting the use of generic drugs.	<input checked="" type="checkbox"/>	
In light of GASB-45 requirements with regards to retiree health insurance, City staff will evaluate and propose alternative ways to reduce financial liability to the City.	<input checked="" type="checkbox"/>	
Seek creative, yet cost-effective, ways to implement a wellness program that would engage employees to want to take better care of themselves by incorporating lifestyle changes such as diet and exercise. Staff will look into how to structure a wellness program with incentives for employees who actively participate in improving diet and exercise.	<input checked="" type="checkbox"/>	

HEALTH BENEFITS OVERVIEW

The City's benefit plan year runs from January 1 through December 31 with annual re-enrollment taking place in November and December. Until January 1, 2005, the City of Greenville had historically self-insured for health and dental insurance. Since January 1, 2005, the City is fully insured for its health and dental plans. Several years of large claims and escalating reinsurance quotes made the fully-insured premiums favorable. Going forward, the City will continue to evaluate both options (fully-insured versus self-insured) with the assistance of our consultant.

The City of Greenville currently offers two fully-insured PPO plans; Plan I and Plan II with Blue Cross Blue Shield. Active employees and retirees under age 65 have their choice of either plan. Pharmacy and vision benefits are provided through BCBS and Spectera, respectively, for both plans. In addition to group medical, the City offers all active employees a fully-insured group dental plan with Delta Dental.

City retirees under age 65 may continue on the City's group medical plan until age 65, at which time they are moved to a fully-insured, and in most cases subsidized, Medicare supplement plan. Currently 105 retirees 65 years and over have the Medicare supplement plan. Pharmacy benefits are provided through CatalystRx. The cost of the drug card is built into the Medicare supplement premiums which the City pays 75% and the retiree pays 25%.

In addition to health and dental benefits, this fund accounts for costs to provide a \$25,000 term life insurance policy with accidental death and dismemberment to all active employees through Standard Life, and makes available supplemental term life insurance up to \$100,000. The fund also accounts for a fully-insured long term disability insurance plan managed through Cigna.

FUNDING ISSUES

Although the move to fully insured coverage has been very successful in offsetting medical inflation for two years, the City will continue to evaluate the relative merits of remaining fully-insured versus returning to self-insured. The City has projected an 11% increase in premiums during its January 1, 2009 renewal.